

Message Text

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TO USCINCEUR IMMEDIATE

S E C R E T STATE 048170

EXDIS MILITARY ADDEES HANDLE AS SPECAT EXCLUSIVE

FOLLOWING REPEAT STATE 048170 ACTION JIDDA INFO AMMAN
27 FEB

QUOTE

S E C R E T STATE 048170

EXDIS, FOR CHARGE HORAN AND AMB PICKERING FROM SISCO

E.O. 11652: GDS

TAGS: MASS PFOR JO US SA

SUBJECT:HAWK/VULCAN AIR DEFENSE FINANCING

REF: (A) AMMAN 1047, (B) AMMAN 1063 (C) AMMAN 1067

1. FOR CHARGE HORAN: YOU SHOULD SEEK EARLY APPOINTMENT
WITH PRINCE FAHD ON JORDANIAN AIR DEFENSE FINANCING PROB-
LEM TO PROBE FOR BETTER INFORMATION THAN WE HAVE OB-
TAINED TO DATE ON SAUDI INTENTIONS AND THEIR VIEWS ON WHAT
THEY FORESEE IN THE LIGHT OF LATEST DEVELOPMENTS DESCRIBED

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REFTELS. IF FAHD IS UNAVAILABLE, YOU SHOULD SEEK MEETING

WITH PRINCE SULTAN OR FORNMIN SAUD, AT YOUR DISCRETION.

2. THE PRINCIPAL OBJECTIVE OF YOUR APPROACH IS TO SECURE PRECISE INFORMATION; HOWEVER, IF THE SAUDIS SHOW CONCERN OVER THE POSSIBILITY THAT THE JORDANIANS WILL SEEK SOVIET WEAPONS SYSTEMS, YOU SHOULD URGE THAT WE AND THE SAUDIS DEVELOP A COMMON APPROACH TO THE ISSUE. FOLLOWING ARE SUGGESTED TALKING POINTS:

A. KING HUSSEIN HAS INFORMED US OF PRINCE FAHD'S MESSAGE OF ABOUT FEB 25 IN WHICH FAHD INDICATED THAT DOLS 300 MILLION WOULD BE PLACED AT THE DISPOSAL OF THE JORDANIANS FOR THEIR AIR DEFENSE PROJECT. HUSSEIN TOLD US THAT THIS SAUDI DECISION MEANT THAT HE WOULD HAVE TO CANCEL THE AIR DEFENSE PACKAGE HE HAD ARRANGED WITH US AND LOOK ELSEWHERE--INCLUDING TO THE SOVIET UNION--FOR A SYSTEM THAT COULD BE FUNDED WITH THE DOLS 300 MILLION.

B. FOR OUR PART, WE WOULD LIKE TO BE SURE WE FULLY UNDERSTAND THE DECISION COMMUNICATED BY PRINCE FAHD. IS IT THE SAUDI POSITION THAT THEY WILL NOT HELP IN PAYING FOR THE COST OF THE HAWK-VULCAN SYSTEM BEYOND THE DOLS 300 MILLION LEVEL, EVEN AT A LATER DATE? (IF SUITABLE OPPORTUNITY ARISES, YOU SHOULD NOTE THAT HAWK/VULCAN DEAL NEED NOT REQUIRE FULL PAYMENT OF TOTAL DOLS 700-PLUS MILLION ALL AT ONCE, SINCE PAYMENT FOR BASIC HAWK/VULCAN HARDWARE (APPROXIMATELY DOLS 350 MILLION) WAS TO HAVE BEEN SPACED OUT THROUGH MID-1978 AND PAYMENT SCHEDULE FOR REMAINDER OF COSTS (LARGELY SOFTWARE, E.G. TRAINING, CONSTRUCTION, CONTRACTOR SERVICES, ETC.) WOULD PROBABLY HAVE RUN EVEN LONGER.)

C. UNDER WHAT CONDITIONS WOULD THE SAUDIS CONSIDER PAYING FOR THE ADDITIONAL COSTS OF THE U.S. SYSTEM?

D. IN OFFERING TO SUPPLY THE DOLS 300 MILLION TO JORDAN, ARE THE SAUDIS IN EFFECT GIVING THE JORDANIANS CARTE BLANCHE TO BUY AIR DEFENSE EQUIPMENT FROM ANY RPT ANY SOURCE, INCLUDING THE SOVIETS? OR ARE THE SAUDIS EXPECTING THAT IF HAWK DEAL IS NOT CARRIED THROUGH, THE JORDAN-
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IAN'S WILL LOOK TO THE FRENCH, FOR EXAMPLE, FOR ROLAND AND CROTALE MISSILES, (A SUGGESTION THAT WAS MADE ON AT LEAST ONE OCCASION BY A MEMBER OF THE SAUDI ENTOURAGE AT A SAUDI-JORDANIAN MEETING)?

E. IF THE SAUDI SUGGESTS TO YOU THAT THE USG SHOULD FINANCE THE REMAINDER OF THE HAWK/VULCAN PACKAGE, YOU MAY SAY THAT ALL OUR NEGOTIATIONS WITH THE JORDANIANS ON

THIS AIR DEFENSE PACKAGE HAD BEEN BASED ON THE UNDERSTANDING THAT THE USG WOULD NOT BE EXPECTED TO PAY ANY PART OF IT. WE HAVE SO INFORMED THE CONGRESS, AND WE HAVE MADE NO CONTINGENCY PLANS FOR ANOTHER COURSE OF ACTION.

F. WE HAVE TRIED OUR BEST TO BE RESPONSIVE TO JORDANIAN DESIRES FOR AN AIR DEFENSE SYSTEM SUITABLE TO THEIR NEEDS. BECAUSE OF THE HIGH JORDANIAN PRIORITY ASSIGNED TO THAT PROJECT, WE MOVED FORWARD IN SIGNING CONTRACTS WITH VARIOUS SUPPLIERS AND ARRANGING TRAINING SCHEDULES FOR JORDANIANS, AND THREW MANY OF OUR OTHER RESOURCES INTO THE DETAILED PLANNING AND STAGED IMPLEMENTATION OF THE PROJECT, IN ADVANCE OF THE RECEIPT OF FUNDS. PRIOR TO THAT, WE HAD EXERTED TREMENDOUS EFFORTS WITH THE CONGRESS TO ENABLE THIS AIR DEFENSE DEAL TO GO FORWARD. ITS COLLAPSE AT THIS STAGE WOULD CREATE HIGHLY UNFAVORABLE IMPRESSION ON U.S. PUBLIC OPINION.

G. YOU SHOULD SEEK TO DRAW OUT SAUDI OFFICIAL IN AS MUCH DETAIL AS POSSIBLE IF HE SHOULD VOLUNTEER THAT SAUDI AIM IS TO CUT BACK JORDANIAN AIR DEFENSE SYSTEM TO A MORE MODEST SCALE. WE PREFER, HOWEVER, THAT YOU NOT ASK HIM DIRECTLY ABOUT THIS POSSIBLE AIM, SINCE YOUR INQUIRY WOULD INEVITABLY BE COMMUNICATED TO KING HUSSEIN, WHO WAS EXTREMELY SENSITIVE TO PREVIOUS PROPOSALS TO KEEP SYSTEM DOWN TO EIGHT OR SIX BATTERIES, OR LESS.

H. OUR CONCERN OVER THE PRESENT SITUATION, HOWEVER, IS NOT AS MUCH OVER MONETARY ASPECTS OR OUR DOMESTIC CONSIDERATIONS AS OVER WHAT MAY NOW OCCUR IN THE REALM OF U.S.-JORDANIAN RELATIONS AND THE IMPLICATIONS OF JORDAN TURNING AWAY FROM THE U.S. AND TO THE SOVIETS FOR PURCHASE OF A MAJOR WEAPONS SYSTEM.

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I. IF THE SAUDI OFFICIAL HAS SHOWN CONCERN OVER THE POSSIBILITY THAT THE JORDANIANS WILL INDEED SEEK SOVIET EQUIPMENT, YOU SHOULD URGE THAT--AS TWO COUNTRIES WITH VIRTUALLY THE SAME INTERESTS IN JORDAN AND IN THE AREA--WE SHOULD JOINTLY DEVELOP A COMMON APPROACH TO THE PROBLEM POSED BY THE JORDANIANS, DEALING WITH JORDAN'S DEFENSE NEEDS ON THE ONE HAND AND WITH JORDAN'S RELATIONS WITH THE USSR ON THE OTHER.

J. ILLUSTRATIVE OF OUR INTEREST IN JORDANIAN NEEDS IS THE FACT THAT IN FY 1976 THE ADMINISTRATION SOUGHT FROM CONGRESS MORE THAN DOLS 264 MILLION IN GRANTS, LOANS AND CREDITS. EVEN WITH EXPECTED CONGRESSIONAL CUTS, COUNTING SAUDI SUBSIDIES, OUR TWO COUNTRIES ARE IN EFFECT

PROVIDING THE EQUIVALENT OF HALF OR MORE OF JORDANIAN IMPORTS.

K. AT YOUR DISCRETION, YOU MAY IF ASKED SAY THAT WE HAVE NOT MADE A FINAL DECISION AS TO WHAT WE MAY DO IN THE FACE OF THE FEB 29 DEADLINE. HOWEVER, AS NOTED SECDEF 8565 (262311Z FEB 76), WE CAN TERMINATE THE CONTRACTS WE HAVE MADE WITH PRIVATE COMPANIES--RESULTING IN GOJ'S LIABILITY FOR TERMINATION COSTS OF ABOUT DOLS 12 MILLION--BUT KEEP ALIVE FOR THE TIME BEING THE LOANS SIGNED BY THE JORDANIANS. THIS WOULD ALLOW US, IF FUNDING PROBLEM IS FINALLY RESOLVED SHORTLY AFTER MARCH 1, TO RESURRECT THE AIR DEFENSE PACKAGE, WITH PAYMENT OF TERMINATION COSTS INCURRED AND WITH AMMENDED PRICES, DELIVERY SCHEDULES, ETC., BUT AVOID NECESSITY OF RESUBMITTING SECTION 36B NOTIFI-

CATION TO CONGRESS.

3. FOR AMBASSADOR PICKERING. YOU MAY ALSO AT YOUR DISCRETION INFORM THE JORDANIANS OF SUBSTANCE OF SUBPARA K ABOVE. WITHOUT GOING INTO DETAIL YOU ARE ALSO AUTHORIZED AT YOUR DISCRETION TO SAY THAT WE PLAN TO BE IN CONTACT WITH THE SAUDIS TO ASCERTAIN THE EXACT DIMENSIONS OF THEIR DECISION SO THAT WE IN TURN CAN MAKE OUR OWN. FYI. WE WOULD LIKE TO GET A BETTER
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ESTIMATE OF THE SAUDI INTENTIONS AND THEIR ATTITUDE TOWARDS THE JORDANIANS GOING TO THE SOVIETS, BEFORE WE TRY ACTIVELY TO DISSUADE HUSSEIN FROM SUCH A MOMENTOUS STEP. THERE IS EVIDENCE IN THE TENOR OF HIS AND RIFAI'S STATEMENTS TO YOU THAT THEY HAVE SERIOUSLY UNDER-ESTIMATED THE PROBABLE REACTIONS OF THE CONGRESS AND THE AMERICAN PUBLIC. SEEKING HELICOPTERS FROM THE SOVIETS IS ONE THING, BUT ACQUIRING A MAJOR WEAPONS SYSTEM FROM THEM IS ANOTHER. END FYI. KISSINGER UNQUOTE INGERSOLL

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